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24 JUL 1979

SENIOR INTELLIGENCE SERVICE

Conversion to the New ES Rates

An integral part of the new SIS and its implementation is the conversion of existing supergrade personnel to the new ES rates. In all cases, an initial decision must be made on the ES level at which each supergrade officer will be compensated.

Based on the existing GS pay rates for supergrade personnel and without regard to the existing statutory limitation of \$47,500, a logical conversion table of SPS and supergrade levels to the new, albeit compressed, ES scale can be developed. One such table is attached as Tab A. Based on the 30 June 1979 incumbent grade and salary profile, the number of personnel who would be converted to each of the ES rates consistent with the table in Tab A is summarized in Tab A-1.

Initial conversion of our senior staff consistent with Tab A (or some similar alternative geared to the existing pay range) is not feasible for two principal reasons:

(a) Positions occupied by SPS and supergrade officers are not graded by steps.

(b) Officers selected for the SIS cannot receive a salary less than that payable at the time of conversion to an ES rate. Consequently, any conversion proposal must recognize these constraints.

A proposed initial incumbent conversion schedule is attached as Tab B. The conversion rates are based on the constraints noted above, in combination with the conversion table attached as Tab A for officers

now in or above SPS-6, GS-16/7, and GS-17/2. The conversion table shown in Tab B would be the minimum considered viable (i.e., would place the maximum possible number of SPS and Supergrade officers at the ES-1 and ES-2 level) and would make essentially no provision for long overdue salary increases for employees whose salary has been "frozen" at the \$47,500 level beyond the increases inherent in the new ES rates. This conversion table has the disadvantage of providing no increase in salary to officers at the base of the SPS and GS-16 grades, and only a token increase for those at SPS-2 and GS-16/2. The increase for current EP-IV officers would be \$2,800 and increases for the remaining officers would range from \$750 to \$4,300. Based on the conversion table in Tab B, the ES profile of 30 June 1979 incumbents at the SG, SPS, and EP-V and EP-IV levels is summarized in Tab B-1.

Given the grades and steps held by our existing staff (i.e., as of 30 June 1979), a maximum of 12 GS-16 and SPS officers could be paid at the ES-1 rate, and a maximum of 35 at the ES-2 rate. As is apparent, the end result would be compression at the ES-3 and ES-4 rates. Over time, and assuming the statutory ceiling on executive pay is lifted and the ES rates are adjusted annually along with the GS schedule, the "compression" should be reduced and eventually eliminated.

Cost Comparison

As of 30 June 1979, the Agency had a total of [REDACTED] officers in grades EP-IV, EP-V, SPS, and GS-16 through GS-18. The ICS has a total of [REDACTED] officers in these grades. Tab C provides details for both CIA and ICS. The aggregate CIA annual direct payroll cost is [REDACTED] million. Conversion of these officers to the new ES rates consistent with the conversion table attached as Tab B would result in aggregate annual compensation of just over [REDACTED] million. Tab D provides more detailed data.

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In sum, conversion of the Agency's 30 June 1979 senior staff who would constitute the SIS would result in increased annual payroll costs of some [REDACTED] (assuming the ES rates as proposed by the President to become effective 1 October 1979 are approved by the Congress). The actual increased annual base salary cost could be greater if conversion is not made consistent with the proposed conversion table (Tab B). Increased costs will also accrue when all ES positions (currently [REDACTED] are filled and compensated at ES rates.

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In addition, performance awards and stipends will add to the increased costs of the SIS. Such costs are addressed in the following section.

Awards and Stipends

The Civil Service Reform Act establishes a system of performance awards and stipends for the Senior Executive Service which, if adopted for the Agency SIS, could cost a maximum of [REDACTED] annually. The total number of performance awards may not exceed 50 percent of the total number of SIS positions. In the case of CIA and assuming no change

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Performance Awards

Performance awards of up to 20 percent of base salary may be granted to SIS members whose performance is rated "Fully Successful" or better by their supervisors. The Agency Performance Appraisal Report (PAR) will be the primary basis for determining eligibility for a performance award. An SIS member who has received an overall evaluation of 5 or better and a rating of no less than 5 on each individual duty may be recommended for a performance award. Rating officers must recognize that the number of performance awards is limited to 50 percent of the total number of ES positions and should recommend awards for only the most deserving officers.

Meritorious Executive Awards

Meritorious Executive awards may be granted to SIS members for excellence in the performance of their duties. To be eligible for a Meritorious Executive award, an SIS member must have an overall PAR rating of 6 or better with ratings of at least 6 on all individual duties. Rating officers should recognize that not more than 5 percent of all SIS members may be granted a meritorious executive award and should recommend only those who clearly deserve such recognition.

Distinguished Executive Awards

A Distinguished Executive award may be granted to a limited number of SIS members for atypical performance which is judged to be truly

outstanding. To be eligible for a Distinguished Executive award, an SIS member must have an overall PAR rating of 7, ratings of 7 on most individual duties, and a rating of no less than 6 on any individual duty. Such awards may be granted to not more than 1 percent of the total SIS staff.

Awards Costs

Aggregate potential total annual costs are summarized as follows:

Performance Awards
Meritorious Executive Awards
Distinguished Executive Awards



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The actual annual cost is of course not known, but undoubtedly will be considerably less since all performance awards will not be made at the maximum 20 percent of base pay allowable. For purposes of discussion and until the Agency has an experience factor on which to base future estimates, we suggest using an annual estimate of awards costs of \$1.7 million. This estimate is based on the award/stipend profile attached as Tab E, which in turn is based on the Performance Awards Schedule attached as Tab F.

A System for Recommending Performance Awards

Following completion of all PAR's on SIS members for which the rating officer is responsible, the rating officer will determine which SIS officers should be recommended for a performance award. While the PAR will be the primary basis for determining eligibility for an award,

the rating officer must also take other less tangible factors into consideration in formulating and presenting recommendations for performance awards and stipends.

Recommendations for performance awards, while based on overall performance and the contributions made to the Agency and to furthering its basic mission, must be made in consideration of the limit on the number of such awards which can be made (i.e., 50 percent of the number of authorized ES positions). Also, determination of the Class of award (A, B, or C) should be made in recognition of the Agency-prescribed ceiling on the number of awards in each class which can be approved. The ceiling for each Class of award, expressed as a percentage of the total awards which can be granted, is summarized as follows:

Class A	-	25 percent
Class B	-	30 percent
Class C	-	45 percent
Total		

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The process through which recommendations for awards are made, reviewed, evaluated, and approved--including responsibilities related thereto--is as follows:

Supervisor

- Prepares PAR(s) on SIS member(s) under ^{supervision} his direct supervision, evaluating performance against the agreed upon Advance Work Plan.

- Determines whether overall performance during the past year warrants a recommendation for a performance award.
- If a performance award is not considered appropriate based on performance in relation to other SIS members and recognizing the limitation on the number of awards which can be granted, no further action is required.
- If a performance award is considered justified, a determination is made as to whether a Class A (20 percent), Class B (12 percent), or Class C (7 percent) award should be recommended. This determination should be based on the SIS member's overall performance and contributions during the past year and in consideration of the Agency ceiling on the number of awards of each Class that can be made annually.
- The performance award recommendation(s) will be forwarded to the PAR reviewing official for endorsement to the operating official concerned. If a performance award is recommended for more than one SIS member, the awards will be prioritized.

Reviewing Officer

- Reviews the PAR.
- Comments in each case on the recommendation (or absence of a recommendation) by the Rating Officer for a performance

award, indicating concurrence or ^{con}nonconcurrence (and the reasons therefore in the latter case) with the recommendation and if applicable on the prioritization by the Rating Officer.

- Forwards the PAR(s) and recommendation(s) to the Operating Official.

Operating Official

- Reviews the recommendations for performance awards for all SIS members assigned to his component.
- Comments on the appropriateness of the performance awards (including the class of award) recommended by first line supervisors in his component.
- Prepares a prioritized listing of those SIS members in his component for whom performance awards are recommended. The list may not include more than 60 percent (with fractions rounded to the next whole number) of the SIS members assigned to the component. The number of Class A and Class B awards may not exceed the Agency-prescribed ceiling for these two classes (i.e., Class A - 25 percent, Class B - 30 percent).
- Forwards the list of SIS members endorsed for performance awards to the Directorate Performance Review Committee.

Directorate Performance Review Committee

- Reviews the recommendations endorsed by Operating Officials.

- Comments on the appropriateness of performance awards (including the class of award) endorsed by operating officials.
- Prepares a list of SIS members in the Directorate recommended for performance awards. The list may not include more than 55 percent of the SIS members assigned to the Directorate as of 1 October. The number of Class A and Class B awards may not exceed the Agency-prescribed ceiling for these two classes (i.e., Class A - 25 percent, Class B - 30 percent). The total list need not be prioritized, but the lower one-third should be arranged in priority order with the most deserving SIS member listed first.
- Identifies those SIS members recommended for performance awards who should also be recommended for either a Meritorious or Distinguished Executive award. Prepares formal recommendations for such awards. The number of recommendations for Meritorious Executive awards may not exceed 10 percent of the number of performance awards endorsed by the Committee. The number of recommendations for Distinguished Executive awards is limited to two.
- Forwards the list of those SIS members recommended for performance awards, and for Meritorious Executive and Distinguished Executive awards to the Agency Performance Review Board.

Agency Performance Review Board

- Reviews and evaluates recommendations endorsed by the Directorate Performance Review Committees and submits consolidated and prioritized recommendations to the DCI for approval, as follows:

Performance Awards

- Prepares a list of those SIS members recommended for performance awards. The number of such recommendations may not exceed 50 percent of the authorized ES positions of record as of 1 October; and the number of Class A and Class B awards may not exceed 25 percent and 30 percent respectively of the total awards recommended. The total list need not be prioritized, but the lower 10 percent should be arranged in priority order with the most deserving SIS member listed first.
- The list of SIS members recommended for performance awards will be accompanied by a second list which will include those SIS members recommended for awards by Directorate Performance Review Committees but which could not be accommodated within the limitation on the total number of awards that can be authorized. The first half of this second list will be arranged in order of priority with the most deserving SIS member listed first.

Meritorious Executive Awards

- Prepares a prioritized list of SIS members recommended for Meritorious Executive Awards. Additions to or deletions from the similar lists submitted by the Directorate Performance Review Committees will be explained. The number of Meritorious Executive Awards may not exceed 5 percent of the total number of SIS members as of 1 October.

Distinguished Executive Awards

- Prepares a single prioritized list of SIS members recommended by Directorate Performance Review Committees for Distinguished Executive Awards. The number of Distinguished Executive Awards may not exceed 1 percent of the total number of SIS members as of 1 October. Any SIS member recommended but not approved for a Distinguished Executive Award will be given priority consideration for a Meritorious Executive Award.

CONVERSION TABLE
(October 1978 Salary Scale)

FROM			TO
EP	SPS	General Schedule	
	SPS-1 (\$44,756)	GS-16/1 (\$44,756))
	SPS-2 (\$46,248)	GS-16/2 (\$46,248)) ES-1 (\$44,756)
	SPS-3 (\$47,740)	GS-16/3 (\$47,740))
	SPS-4 (\$49,232)	GS-16/4 (\$49,232))
		GS-16/5 (\$50,724)) ES-2 (\$46,470)
		GS-16/6 (\$52,216))
	SPS-5 (\$52,429)	GS-17/1 (\$52,429))
		GS-16/7 (\$53,708))
	SPS-6 (\$54,177)	GS-17/2 (\$54,177))
		GS-16/8 (\$55,200)) ES-3 (\$48,250)
	SPS-7 (\$55,925)	GS-17/3 (\$55,925))
		GS-16/9 (\$56,692))
	SPS-8 (\$57,673)	GS-17/4 (\$57,673))
		GS-17/5 (\$59,421)) ES-4 (\$50,100)
	SPS-9 (\$61,449)	GS-18 (\$61,449))
EP-V (\$47,500)			ES-5 (\$51,800)
EP-IV (\$50,000)			ES-6 (\$52,800)

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PROPOSED INITIAL ENCUMBENT CONVERSION TABLE

FROM					
EP	SPS	General Schedule		TO	
	SPS-1 (\$44,756)	GS-16/1 (\$44,756)		ES-1 (\$44,756)	
	SPS-2 (\$46,248)	GS-16/2 (\$46,248)		ES-2 (\$46,470)	
	SPS-3 (\$47,500)	GS-16/3 (\$47,500))		
	SPS-4 (\$47,500)	GS-16/4 (\$47,500))		
		GS-16/5 (\$47,500))		
	SPS-5 (\$47,500)	GS-16/6 (\$47,500)	GS-17/1 (\$47,500))	ES-3 (\$48,250)
	SPS-6 (\$47,500)	GS-16/7 (\$47,500)	GS-17/2 (\$47,500))	
	SPS-7 (\$47,500)	GS-16/8 (\$47,500)	GS-17/3 (\$47,500))	
	SPS-8 (\$47,500)	GS-16-9 (\$47,500)	GS-17/4 (\$47,500))	
	SPS-9 (\$47,500)		GS-17/5 (\$47,500) GS-18 (\$47,500)		ES-4 (\$50,100)
EP-V (\$47,500)					ES-5 (\$51,800)
EP-IV (\$50,000)					ES-6 (\$52,800)

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SENIOR INTELLIGENCE SERVICE

Performance Awards Schedule

<u>Rate (Salary)</u>	<u>Class</u>		
	<u>A (20%)</u>	<u>B (12%)</u>	<u>C (7%)</u>
ES-1 (\$44,756)	\$ 8,951	\$ 5,370	\$ 3,133
ES-2 (\$46,470)	\$ 9,294	\$ 5,577	\$ 3,253
ES-3 (\$48,250)	\$ 9,650	\$ 5,790	\$ 3,392
ES-4 (\$50,100)	\$10,020	\$ 6,012	\$ 3,507
ES-5 (\$51,450)	\$10,290	\$ 6,174	\$ 3,602
ES-6 (\$52,800)	\$10,560	\$ 6,336	\$ 3,696

ROUTING AND TRANSMITTAL SLIP		Date	
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REMARKS
Ben:

Attached for your information is the promised copy of the paper on the SIS which deals with conversion, awards, and a suggested system for recommending awards. This is of course very rough, but indicates in very general terms our present thinking. It also sizes the potential cost for what would be our initial SIS cadre, and includes a suggested awards profile based on an assumed awards schedule.

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

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